



Department of Justice

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TEXAS AND CARIBBEAN MAGAZINE DISTRIBUTION **COMPANIES CHARGED IN CONSPIRACY**

WASHINGTON, D.C. -- Two magazine distribution companies -- one from Fort Worth, Texas and the other from St. Thomas, U.S. Virgin Islands -- have agreed to plead guilty and pay criminal fines for conspiring to allocate customers and territories in the distribution of magazines and periodicals, the Department of Justice announced today. The criminal cases, which were originally filed on May 17, 1999, were unsealed today by the U.S. District Court in Dallas.

Rack Shop (DE) Inc., successor to a company formerly doing business as Trinity News Company Inc., of Fort Worth, is charged with allocating territories and customers in Dallas/Fort Worth, Waxahachie, and surrounding areas of Texas from the fall of 1990 through late 1995. Rack Shop has agreed to pay a \$750,000 fine. Island Periodicals L.L.C., of St. Thomas, U.S. Virgin Islands, is charged with allocating territories and customers in Puerto Rico, the U.S. Virgin Islands, and other Caribbean Islands from 1986 through 1998. Island Periodicals has agreed to pay a \$250,000 fine.

These are the second and third cases brought as a result of the Department's ongoing antitrust investigation of the magazine distribution industry.

Magazine distributors, sometimes called independent distributors or "IDs," receive magazines and other periodicals from publishers and national distributors. Magazines are then distributed by IDs, like Trinity News, to local retailers for sale to the general public.

The Department also charged Rack Shop and Island Periodicals with agreeing with unidentified co-conspirators which IDs would distribute magazines to particular customers in certain geographic areas and with refraining from soliciting customers within each ID's designated territories.

At sentencing, the court will determine whether to accept the plea agreement, which was also unsealed today, and impose the agreed-upon sentence. As part of the plea agreement, Brian L. Weiner, former owner of Trinity News and current owner of Island Periodicals, has agreed to cooperate in the ongoing investigation.

Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division, and Paul E. Coggins, United States Attorney for the Northern District of Texas, said the charge resulted from an investigation conducted by the Antitrust Division's Cleveland Field Office with the assistance of the U.S. Attorney's Office in Dallas.

In May 1998, C & S News Agency Inc. pleaded guilty and agreed to pay \$80,000 for conspiring to allocate territories and customers in distributing magazines and other periodicals in the Dallas/Forth Worth and Waxahachie, Texas area.

Rack Shop and Island Periodicals are charged with violating Section One of the Sherman Act, which carries a maximum penalty of \$10 million for a corporation. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

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